



Shaping public construction

## Levelling the playing field for smaller businesses

Central to the SCF is understanding the difficulty faced by SMEs and their respective routes to market. The Framework's market intelligence reporting helps us understand how they compete and how clients can gain access to their skills and experience.

The Government has recently set out new reporting rules as part of a drive to increase construction industry spend with small businesses. The requirements are applicable to projects >£5m for a minimum package value of £25,000.

**“This government is listening to the business community and is committed to levelling the playing field for smaller suppliers to win work in the public sector.”**

Oliver Dowden,  
Minister for Implementation.

For all projects or packages within this category, contractors are required to:

- Advertise available subcontract work at the time of winning a bid via a notice on the Government's Contract Finder Service.
- Update the notice within 90 days of placing the subcontract with details of the winning subcontractor/supplier.
- Submit returns detailing the value of contract revenue placed with SMEs compared to total subcontract revenue.

The Government's objective is further supported by SCF through framework Key Performance Indicators (KPIs). Measurable targets include a minimum of 65% of construction value and 70% of suppliers to be SMEs. Galliford Try and its contractor partners on the Framework have worked with SCF to meet and exceed these targets:

**65%**

SCF target for SME construction spend

**74.5%**

SCF August 2018 Performance Data

The challenge for the industry now is to increase spend with small businesses. Defined as a business employing 10-50 people and with a turnover of <£100m, the Government has established an aspiration of 33% of procurement spend to be with small businesses by 2022. SCF's August 2018 performance data again shows significant progress towards meeting this ambition:

**33%**

Government Aspiration for 2022

**30.1%**

SCF August 2018 Performance Data

As the involvement of small and local businesses increases, it is crucial that a collaborative approach is adopted to their involvement on large projects. Galliford Try, for example, offers training and support to SMEs that covers Health and Safety, financial management, tendering and quality procedures with the aim of supporting them in contributing to SCF's high standards for quality, predictability and client satisfaction.



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As part of the framework's commitment to continuous improvement, we are looking at how the involvement of small businesses can be increased and effectively managed. This includes how the development of Procurement Strategies can be more collaborative and how Passport Training can be used to share best practice on SME involvement.

The resulting increase in small business involvement will provide measurable benefits to our clients' projects and the small business community.

- Reduced project risk through breadth of supply chain.
- Improved local economy through increased spend with local businesses.
- Upskilled community through increased local employment.
- Improved deliverability of longer-term social value specific to the local area.

Driving procurement spend across our local integrated supply chains is a core aim of the SCF and the next generation of the framework, SCF4. The commitment to small businesses will focus on improved payment periods, improved pipeline visibility, increased SME spend and increased local employment. This will ensure a lasting legacy is created within the communities we work, and achieving these targets will be a KPI every contractor will be measured against.



Galliford Try subcontractor training session.



On Ridgeway Primary School for Reading Borough Council, a project delivered by Galliford Try with the SCF, 92% of contracts were procured through SMEs.

For more information about SCF or to speak to your regional Operations Manager, click here:

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